

Managed Risk Medical Insurance Board



California's High-Risk Health Insurance Pool: Major Risk Medical Insurance Program (MRMIP)

Lesley Cummings, Executive Director

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Contact Ron Spingarn for information at RSpingarn@mrmib.ca.gov or 324-0571



What is MRMIP?

California's publicly subsidized health insurance program for "medically uninsurable" (high-risk) persons unable to purchase individual (non-group) coverage in the private market.



Individual Market

- Presently, carriers in individual market can reject an applicant for virtually any reason
- If they choose to accept an applicant, they can charge virtually any amount for the coverage
- Under ABX1-1, rules would have been established requiring carriers to cover applicants and prohibiting charging more due to medical condition. This was in the context of an individual mandate.



Individual Market (cont)

- Legislature and Governor looking now at what changes can occur in this market immediately that would provide progress, awaiting next effort for larger reform.



CA Market Size: Individual Coverage and Potentially Eligible for MRMIP

An estimated:

- 2.3 million Californians have individual coverage and
- 400,000 Californians are "medically uninsurable".



MRMIP Eligibility Criteria

- California resident
- Unable to secure adequate coverage in last 12 months shown by:
 - Denied individual (non-group) coverage,
 - Involuntarily terminated from coverage (except for non-payment of premiums), or
 - Individual premiums cost more than MRMIP
- Not eligible for Medicare Part A or B (unless only due to end-stage renal disease)
- Not eligible for COBRA or CalCOBRA



Health Plans in MRMIP

- Health plans voluntarily participate.
 - Four do so:
 - Anthem Blue Cross (PPO)
 - Kaiser (HMO)
 - Blue Shield (HMO)
 - Contra Costa Health Plan (HMO)
- Plans do not lose money by participating, nor do they really make any.



Share of Subscribers by Health Plan in MRMIP

<u>Health Plan</u>	<u>MRMIP (people)</u>
Kaiser (HMO)	50.6% (3,814)
Anthem Blue Cross (PPO)	47% (3,543)
Blue Shield (HMO)	1.9% (139)
Contra Costa Health Plan	0.5% (35)
<u>Other plans</u>	<u>n/a</u>
	100%



MRMIP Benefits

- Comprehensive benefit package with a \$500 annual deductible
- However, \$75,000 per year cap on benefits
 - Board decision to allow coverage of more people
 - Requires waiver because such coverage is not allowed to be sold in the commercial market place
 - Prevents qualification for federal risk pool funds



CA's Low Lifetime and Annual Benefit Maximums vs U.S.

Annual benefit maximum

\$75,000 in CA vs None (27 states)

CA has lowest annual maximum benefit level of all states

Lifetime benefit maximum

\$750,000 in CA vs 27 states (84%) are higher than CA
and 4 states are equal or lower than CA



MRMIP Funding

- Subscriber premiums: 66% of program costs (2007)
 - Premiums are 125% to 137.5% of what the MRMIP benefit package would cost in the commercial market.
 - Subscribers' premium amounts vary by plan chosen, subscriber age, geographic region and number of persons in family enrolled
- Prop. 99 (tobacco): 34% costs (2007)
 - Prop. 99 revenue is declining, so amount available for MRMIP is declining



Subscriber Premiums

- Board believes that many people who would like to purchase MRMIP coverage do not because of premium cost and \$75,000 benefit limit



MRMIP Funding

Proposition 99 Funding

Traditionally has been:

- \$30 million from Proposition 99 (tobacco tax; in statute; no General Funds) +
 - \$10 million traditionally appropriated by Legislature in the Budget Act
- = \$40 million total**

FY 2008-09 Funding: \$37.7 million

- Anticipated decline: 3% per year thereafter



MRMIP Funding (continued)

- As part of the final budget action on the current year budget, \$18 million in MRMIP reserves were diverted to other programs



Proposition 99 Funds Must Pay for MRMIP and GIP

- Out of its Proposition 99 appropriation, MRMIB must pay not only for MRMIP enrollees but also persons who enrolled in coverage with carriers under a pilot project, the Guaranteed Issue Pilot (GIP).
- MRMIB estimates that it will pay carriers \$22 million for GIP enrollees in the next 12 months.



Guaranteed Issue Pilot (GIP) Program

- Created by AB 1401 (Ch. 794, Stats 2002)
 - Purpose: Mechanism to increase coverage available to medically uninsurable by bringing in some carrier financing
- Began September 1, 2003, ended December 31, 2007
- Limited MRMIP coverage to 36 months. After 36 months subscriber disenrolled from MRMIP and offered coverage by carriers in the individual market



Guaranteed Issue Pilot (GIP) continued

- Carriers pay half the cost of any costs that exceed subscriber premium. State pays the other half.
- MRMIB ceased disenrolling subscribers in September 2007, but must continue to pay for those still enrolled in coverage.



Premiums & Prop. 99 (tobacco tax): CA's Only Funding Sources

High Risk Pool (HRP) Funding Sources: National v.s. CA

HRP Funding Source	US Average	CA
Premiums	54.4%	50%
Insurer/Plan Assessments	29.8%	0%
State Funds	2.1%	50%*
Tax Credits	1.6%	0%
Grants	2.7%	0%
Interest	2.2%	0%
Other	7.3%	0%

* Prop. 99 (tobacco taxes)

28 of 34 states (85%) use insurer assessments to entirely or partially fund their HRP;
13 of these give insurers off-setting tax credits.



Closure of MRMIP to New Enrollment

March 14	Enrollment Closed
April 30	7,820 enrolled (Highest program enrollment: 27,160 in 1998)
May 21	Board reduced enrollment cap to 7,100 (from 8,101)
May 31	7,305 enrolled
June 21	864 on waitlist due to closed enrollment (average increase 62 persons per week for 14 weeks)

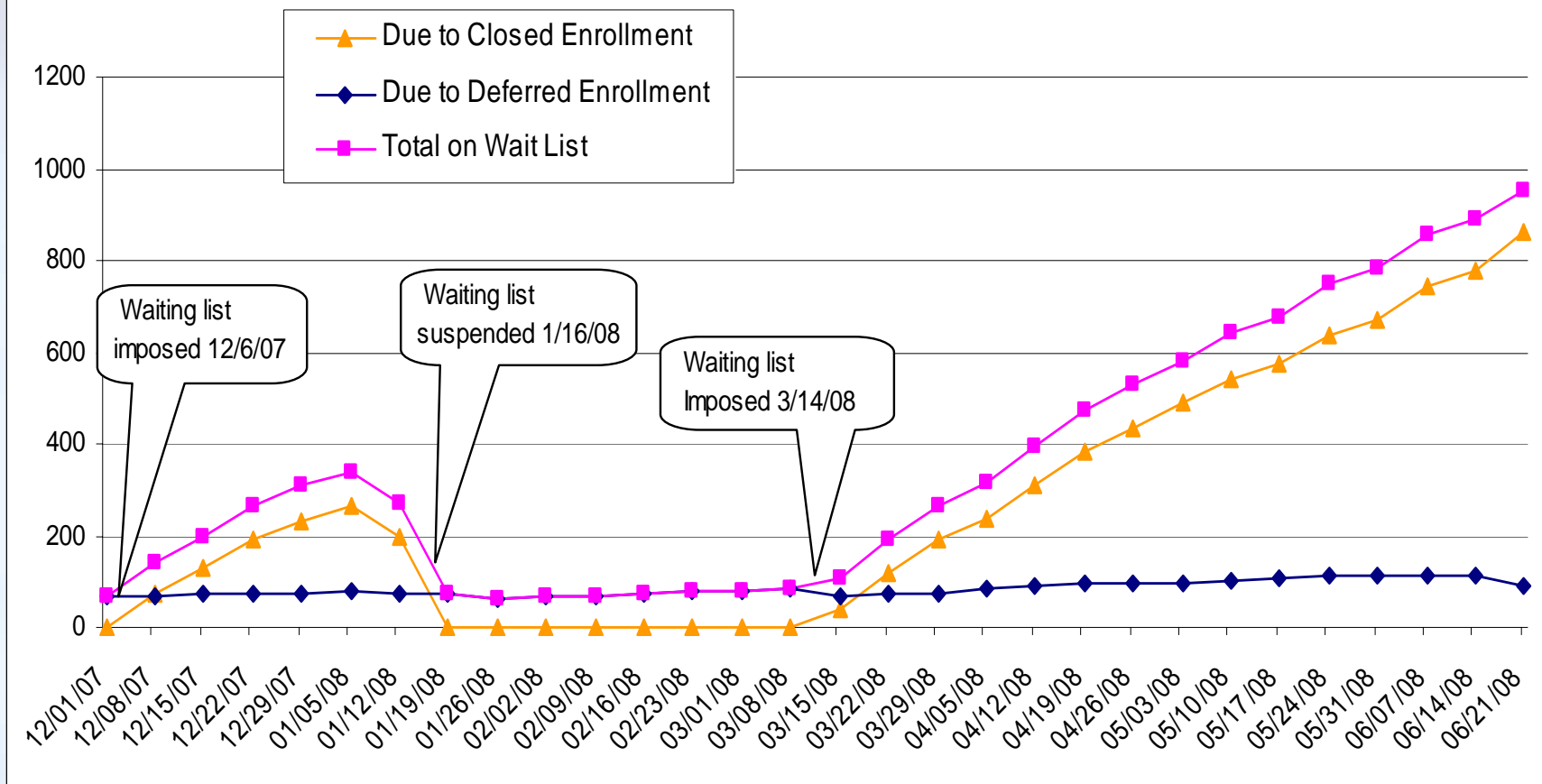


MRMIP waiting list

- Board will allow enrollments from the waiting list when enrollment declines below 7,100
- But not more than 7,100 may be enrolled.



Major Risk Medical Insurance Program Waiting List

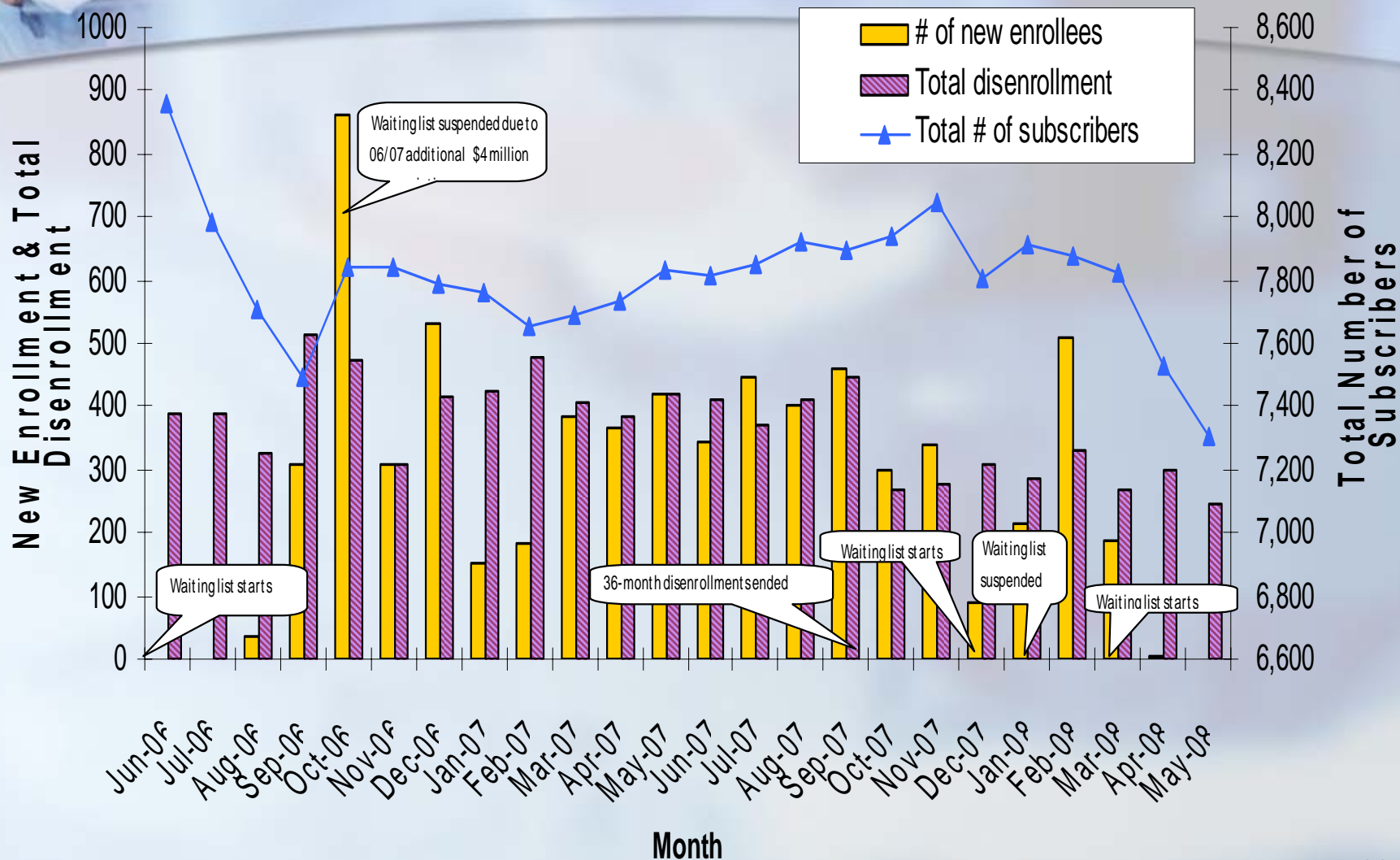




Major Risk Medical Insurance Program

New Enrollment vs. Total Disenrollment

June 2006 through May 2008





Additional Funding Pressures on MRMIP

- Carriers will be increasing their rejection rates due to new rules on rescission prohibition.
- Costs of program will increase consistent with health care inflation. Estimate: 10% per year
- Costs difficult to estimate due to GIP.



2007/2008 MRMIP-Related Legislation

AB 2 (Dymally):

- Would require guaranteed issue coverage or require plans to pay a “per covered life” fee to fund MRMIP, HIPAA eligible and eliminate any wait list.
- Would eliminate annual benefit cap (now \$75,000) and increase lifetime cap level (now \$750,000).
- ABX1-3 (Dymally) – Introduced 9/13/07
 - Declares intent to enact reforms including individual health insurance market reforms and full funding for MRMIP



AB 2

- MRMIB supports AB 2 because it would
 - Provide MRMIP with significant increases in revenue
 - Improve the program by:
 - Eliminating the \$75,000 benefit cap
 - Reducing subscriber premiums



Bills That May Impact Individual Market and/or MRMIP

AB 1150 (Lieu) prohibits rescission-based quotas or pay to health plan & insurer employees/contractors.

AB 2549 (Hayashi) prohibits health plan & insurers from rescinding individual coverage after 18 months from issuance.

SB 1522 (Steinberg) develops 5 categories of individual coverage with price, benefits and product standards, and maximum out of pocket costs; Requires standard application forms for individual coverage products; Requires U.C. to report data on individual coverage market.



Take Away Points.....

- Status quo means further reductions in number of MRMIP subscribers.
- More funding would allow:
 - Enrolling more people in MRMIP
 - Improved access by reducing premiums (currently 125% to 137% commercial rates)
 - Improved benefit package: increasing current maximum annual (\$75,000) and lifetime (\$750,000) benefits
- Information about MRMIP, including a fact book and weekly updates on the waiting list available at www.mrmib.ca.gov



**The following slides include
background information**



MRMIP Wait List

Date*	Due to Closed Enrollment	Due to Deferred Enrollment	Total on Wait List
06/21/08	864	90	954
06/14/08	777	115	892
06/07/08	743	115	858
05/31/08	670	112	782
05/24/08	637	110	747
05/17/08	572	105	677
05/10/08	540	102	642
05/03/08	490	93	583
04/26/08	435	93	528
04/19/08	383	93	476
04/12/08	308	89	397
04/05/08	235	83	318
03/29/08	189	73	262
03/22/08	118	71	189
03/15/08	40	67	107
03/08/08	0	82	82
03/01/08	0	81	81
02/23/08	0	77	77
02/16/08	0	76	76
02/09/08	0	69	69
02/02/08	0	67	67
01/26/08	0	62	62
01/19/08	0	72	72
01/12/08	195	76	271
01/05/08	262	77	339
12/29/07	232	76	308
12/22/07	190	76	266
12/15/07	129	71	200
12/08/07	76	65	141
12/01/07	0	65	65

*Data is captured at the end of each week.



MRMIP & GIP Premiums & Household Income Levels

Median Premiums

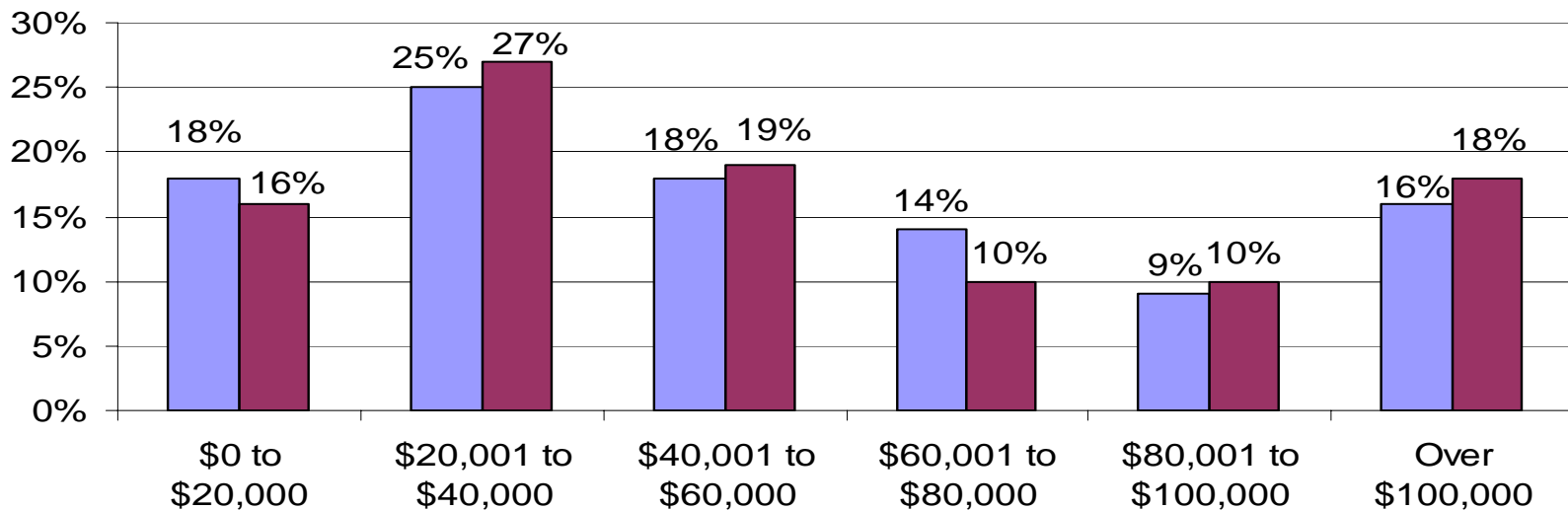
2006 MRMIP	\$470.00/month
2005 GIP	\$569.43/month

Average Premiums

2006 MRMIP	\$582.83/month
2005 GIP	\$627.60/month

2004 Household Income

MRMIP 2004 Subscribers GIP 2004 Subscribers





MRMIP Enrollment & Disenrollment Information

Average Monthly New Enrollment FY 2006-07	336
Average Monthly Disenrollment FY 2006-07 (no GIP)	270*
Monthly Net Gain	69

*Top reasons for disenrollment:

- Could not afford the premiums
- Receiving employer-sponsored coverage from work or spouse
- Receiving Medicare
- Moved out of state



MRMIP Enrollment by County

LA	27.3%	Fresno	1.6%
San Diego	10.7%	Sonoma	1.6%
Orange	9.7%	Marin	1.5%
Santa Clara	5.4%	Monterey	0.9%
Riverside	4.4%	SLO	0.9%
Alameda	4.3%	Santa Cruz	0.9%
San Bernardino	3.9%	Other	11.7%
Contra Costa	3.6%		
San Francisco	3.5%	Above listed counties	
San Mateo	2.8%	(excluding "other") reflect	
Ventura	2.7%	88.3% of California enrollment	
Sacramento	2.6%		



MRMIP Enrollment by Age, Gender & Ethnicity (2008)

Average enrollee: 43 year old Caucasian female lives in LA

<u>Age</u>	< 29	26.3%
	30-49	35.4%
	50-64	36.8%
	65+	1.5%

<u>Gender</u>	Female	57.2%
	Male	42.8%

<u>Ethnicity</u>	Caucasian	62.7%
	Other	12.8%
	Latino	12.3%
	Asian, Pacific Islander	8.9%
	African American	2.7%
	Native American	0.6%



High Risk Pool (HRP) Costs: CA vs U.S.

Cost of HRP subscriber per individual market enrollee

- 29 of 32 states (91%) have higher HRP costs per individual market enrollee than CA
- CA cost average is \$6 vs \$78.45 for all states

Cost of HRP subscriber per state resident

- CA has lowest HRP cost per state resident of all but one state
- CA is \$1 vs. \$4.77 average for all states



High Risk Pool National Data

As of 12/31/06 (Source: www.statehealthfacts.org)

■ States with HRPs	34
■ Persons enrolled in HRPs	190,361
■ Average total subsidy per enrollee	\$4,125
■ Percent claims to premium	148%
■ Avg. pool size as % state population	0.10%
■ Avg. pool size as % state uninsured	0.62%